

**Statement of Tony F. Sanchez III on behalf of NV Energy
in support of
Senate Bill 300**

Today, the Committee has before it Senate Bill 300. Earlier this session, the Senate and Assembly passed SB 358, which increases Nevada's renewable portfolio standard to 50 percent by 2030. The legislation also establishes the State's goal of becoming "a leading producer and consumer of clean and renewable energy," with the objective "of achieving by 2050 an amount of energy production from zero carbon resources equal to the total amount of electricity sold by providers of electric service in this State." These laudable goals are transformative - they will require significant changes in the way Nevada's electric providers do business.

SB 300 complements Nevada's energy goals by establishing a framework for the Public Utilities Commission of Nevada (the "Commission") to develop equally flexible and transformative regulatory models. The bill provides the Commission the flexibility necessary to regulate the electric utility of the future, rather than the electric utility of the last century.

The energy industry is evolving rapidly. In many regions like Nevada, renewable energy is at, or approaching, cost parity with traditional fossil fuel generation. Modernization of the electric grid could provide new opportunities to capture efficiencies, to create a better understanding of grid usage and management and improve customer service and satisfaction. At the same time, energy utilities have experienced the impacts of climate change. Weather-related events - floods, storms and wildfires - have significantly affected customers across the country.

Several states have initiated regulatory processes evaluations.¹ These regulatory processes evaluations are exploring new ways of regulating electric utilities. To be clear, these are not “deregulatory processes;” instead, these new processes involve close and careful scrutiny of utility operations. The creation of new regulatory processes does not mean less regulation. Instead, these emerging regulatory models - in particular, ratemaking or price setting processes - are intended align an economically viable utility model with state policy goals, improved customer service and satisfaction and the reliable delivery of service to customers.

Similarly, the Smart Electric Power Association (“SEPA”) recently launched the “Renovate” initiative.

SEPA launched the “Renovate” initiative in partnership with leading industry organizations, including the National Association of Regulatory Utility Commissioners, the Environmental Law & Policy Center, the National Governors Association, the American Public Power Association, the National Association of State Energy Officials, the Natural Resource Defense Council, the National Conference of State Legislatures, the National Rural Electric Cooperative Association and the Regulatory Assistance Project.

The Renovate initiative is bringing together thought leaders, including Senator Brooks, to collaboratively define problem statements, identify solutions and provide implementation guidance to policy makers and regulators by early 2020.

Senate Bill 300 establishes a framework for reform. It gives the Commission the power to adopt regulations and approve alternative pricing mechanisms and plans that deliver the services customers want and value. With this

¹ Hawaii, Michigan and Minnesota, for instance, are evaluating performance-based regulatory regimes. Illinois and Ohio are investigating grid modernization.

type of flexibility, the Commission can act nimbly; it can anticipate - rather than react to - changes and adopt plans that deliver value to electric consumers, whether that value comes in the form of enhanced customer service, new pricing plans or more renewable energy. The flexibility will facilitate research into and the development of innovative electric services for the benefit of customers.

Overall, regulatory reform could allow customers - and, more generally, society - to leverage and benefit from technological changes and innovative operating practices. Achieving the addition of more renewable energy and reducing carbon emissions from the electric sector very well could require innovative regulatory processes that appropriately allocate risk among all stakeholders. Thus, regulatory reform may be necessary to advance environmental and economic development goals faster and at a lower cost. In this regard, SB 300's simplicity is its elegance. The bill simply establishes a framework by which Commission can supervise a collaborative process to reform Nevada's electric utility framework.

In short, NV Energy supports SB 300 because:

- It is consistent with our basic objective of providing better service to customers at predictable, stable and lower prices;**
- It provides the Commission the authority to develop regulatory plans that achieve the Legislature's energy policy goals - the addition and integration of additional renewable energy and carbon emission reductions - through innovative approaches;**
- It maintains the Commission's full authority to protect consumers; and,**
- It provides a framework for developing regulatory processes the ensure the Company delivers the services customers value while maintaining economic viability.**